

STATEMENT TO INTRODUCE THE
MSA EXPANSION ACT

HON. WILLIAM O. LIPINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 13, 1997

Mr. LIPINSKI. Mr. Speaker, I rise today to introduce a bill that will extend medical savings accounts to millions of Americans. Commonly known as MSA's, these tax free accounts are combined with a high deductible health insurance plan to help lower health care costs and increase consumer choices.

The much needed Health Insurance Portability and Accountability Act that was signed into law by President Clinton last summer included a pilot program for MSA's, but with restrictions. The law limits the number of MSA policyholders to 750,000 by 1999, and the pilot program is expected to end in the year 2000. The MSA Expansion Act will allow all small businesses with 50 or fewer employees, and the self-employed, to choose an MSA, and it will repeal the sunset of the pilot program so future generations will be able to benefit from MSA's too.

This legislation is needed because some experts predict that the 750,000 cap will be reached as early as this spring, since demand for MSA's has far exceeded expectations. To meet the demand from small businesses, the self-employed, and a surprisingly high number of uninsured, an average of four new health insurance carriers a week are entering the MSA market.

Clearly, the high number of uninsured who have purchased MSA's signal that MSA's are not solely attracting the healthy and the wealthy, as some people predicted. No one has found a single example of such adverse selection resulting from the institution of MSA's, and it will not happen because for adverse selection to occur, the very sick must shun MSA's. This does not and will not happen, as the very sick will save money in many cases since their out-of-pocket costs will be less. Moreover, they will choose MSA's because they will have their choice of physician or specialist.

The MSA Expansion Act is what the American people want and deserve. It will lower health care costs for everyone, provide more choices, and extend the accessibility and affordability of health care to the unemployed and the uninsured. I urge all of my colleagues on both sides of the aisle to join me as cosponsors of this important legislation.

THE COMMON CENTS STOCK
PRICING ACT OF 1997

HON. MICHAEL G. OXLEY

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 13, 1997

Mr. OXLEY. Mr. Speaker, I am pleased to introduce today the Common Cents Stock Pricing Act of 1997, a bill to modernize the way stock prices are quoted in today's securities markets. I am especially pleased to be joined by the ranking member of the Telecommunications, Trade, and Consumer Protection subcommittee, ED MARKEY, Commerce Committee Chairman TOM BLILEY, and my col-

leagues PAUL GILLMOR, MIKE CRAPO, ELIZABETH FURSE, STEVE LARGENT, GREG GANSKE, and RICK BOUCHER in this important initiative. I am proud to continue the tradition in the Commerce Committee of working together with my colleagues on both sides of the aisle to pass legislation that significantly improves the way our securities markets are regulated, as we did last year with the passage of the Private Securities Litigation Reform Act and the National Securities Markets Improvement Act.

The Common Cents Stock Pricing Act will eliminate regulatory obstacles that stand in the way of competitive forces. It will also make stock prices easier to understand for the average investor.

The current rules of self regulatory organizations, like stock exchanges, require that stocks trade in fractions. These rules stem from practices from the 17th century, when the colonies used Spanish dollars as their currency. These ancient coins were called "pieces of eight" because they could be chiseled into eight pieces, with each piece called a "bit." When organized stock trading began in New York in 1792, stock prices were quoted in bits, or eighths. We don't use Spanish coins today—but the tradition of pricing stocks based on these coins is still with us, in the form of SRO rules.

This pricing system based on ancient coins is not just anachronistic. It makes stock prices difficult for average investors to understand. At least one newspaper has recognized this fact—the San Francisco Chronicle recently began printing its stock tables in dollars and cents, instead of fractions.

And fractionalized pricing is not simply more difficult to understand than prices in dollars and cents. The rules of Self Regulatory Organizations that impose fractionalized pricing effectively mandate a minimum spread between a stock's buy and sell price of an eighth of a dollar. To the rest of us, that means 12½ cents. That means that floor traders capture a minimum of 12½ cents from investors on every trade. SRO rules make it impossible for competition to further narrow the spread for the average investor. Large institutions can get better deals on their trades by negotiating prices on block trades—but regular investors have to pay full freight.

Fractionalized stock pricing is out of step with the rest of the world. The United States is the only major market that uses the pieces-of-eight system to price stocks—every other major market in the world uses decimal pricing. The advancement of telecommunications technology is making it increasingly easy to trade stock on exchanges around the world, simply by pressing a computer key. If we are to maintain our position in the United States as the home of the most successful capital markets in the world, we must keep pace—and fractionalized pricing is a thing of the past, not the future.

Securities and Exchange Commissioner Steve Wallman has been an outspoken advocate of the need to modernize the pricing rules that apply to U.S. stocks, and provided us with informative testimony at the hearing last week before the Subcommittee on Finance and Hazardous Materials. Commissioner Wallman estimated that fractionalized stock prices cost retail investors about \$1.5 billion a year. Investors could save that money if we converted our stock pricing system to the system we use

for virtually everything else we buy—dollars and cents.

I have read with interest observations of the Toronto Stock Exchange's recent conversion to decimal pricing. On the Toronto Stock Exchange, there is no longer a minimum spread of 12½ cents—and, as a result, the spreads that floor traders from public investors has narrowed. I look forward to learning more about that exchange's experience as we proceed with hearings on decimal pricing.

I also look forward to learning about how a change to decimal pricing would impact the participants in our markets. In this regard, I intend to hold hearings at which we will hear testimony from experts in securities markets, security firms, stock exchanges, and investors. I welcome the views and comments of all parties that will be affected by this initiative, to ensure that we implement this modernization with practicality and efficiency.

I thank my colleagues on both sides of the aisle for their cosponsorship of this important initiative, and encourage all of the Members of the House to support this effort to bring common sense to stock prices in the U.S. markets.

IN HONOR OF OUR NATION'S
FORMER PRISONERS OF WAR

HON. FRANK R. WOLF

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 13, 1997

Mr. WOLF. Mr. Speaker, it is a pleasure and honor for me to rise today to honor retired Navy Capt. Giles Norrington, of northern Virginia, and other former prisoners-of-war as a very important date approaches.

On March 14, 1973, Captain Norrington and dozens of other American servicemen were released from captivity in North Vietnam. Their bravery and courage have always served as an inspiration for us. These true American heroes endured brutal and unspeakable conditions to emerge from captivity and demonstrate to every American how lucky we are to be able to call them our own.

Here in Congress, we are fortunate to have former POW's such as Senator JOHN MCCAIN, and Congressman SAM JOHNSON among us. They are true leaders, like many other former POW's who have come home to lead our Nation into the 21st century. The sacrifices of our POW's on our behalf should always be remembered.

Mr. Speaker, as we approach this historic date our POW's deserve our humble gratitude and prayers. I know I speak for many in thanking these brave servicemen for their service to our Nation and wish each and every one of them the best in the future.

ENVISIONING A NEW NATIONAL
SECURITY STRATEGY

HON. BARNEY FRANK

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 13, 1997

Mr. FRANK of Massachusetts. Mr. Speaker, I submit the following for printing in the RECORD: